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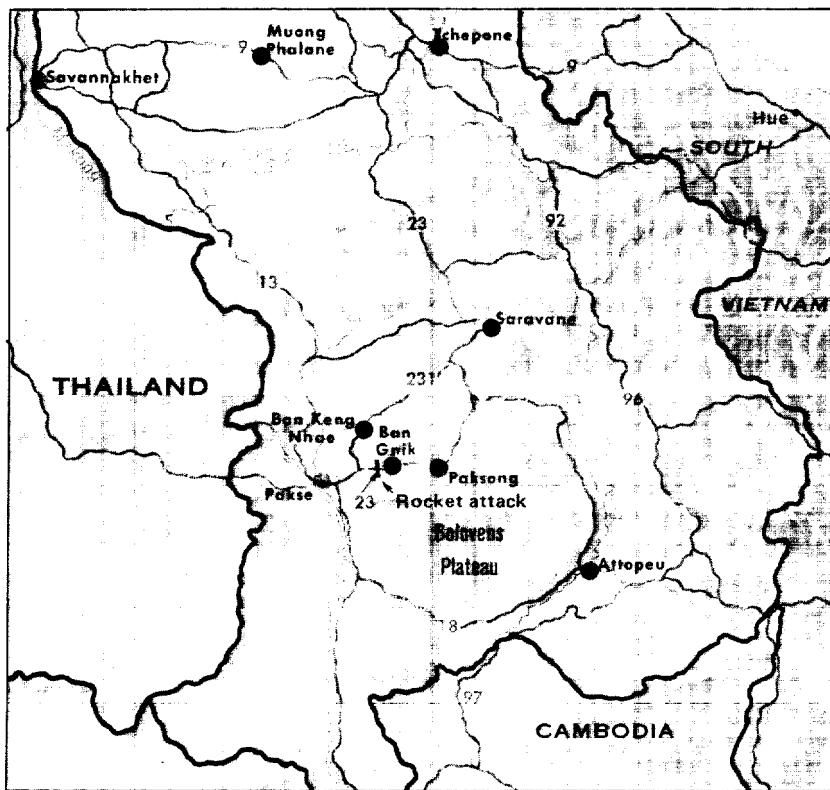
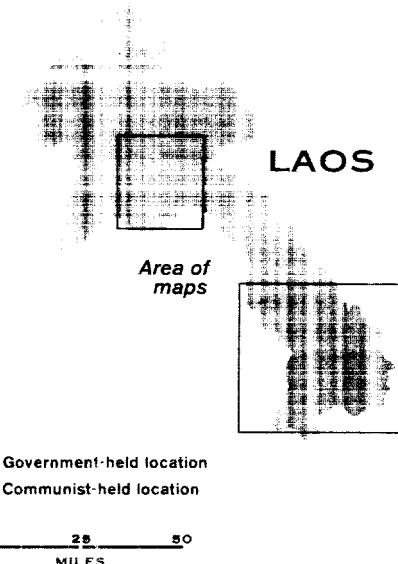
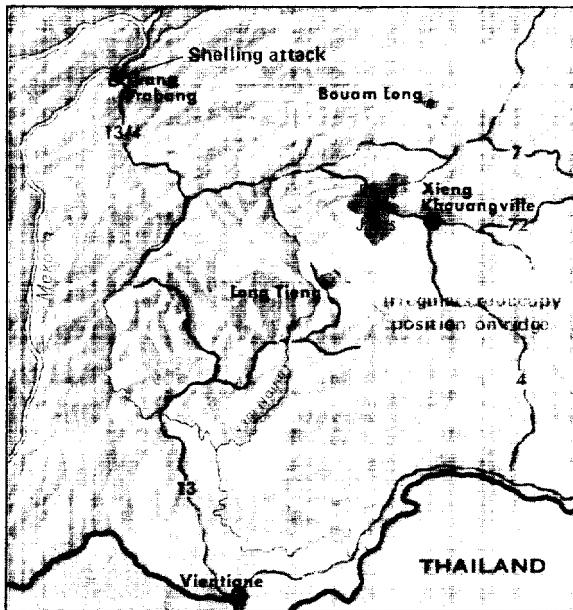
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LAO: The military situation around Long Tieng remains relatively quiet. The Communists have, however, shelled positions near the Luang Prabang airfield in the north and increased their pressure on government units in south Laos.

In the Long Tieng area, government forces re-occupied a position on the easternmost end of Skyline Ridge. There was no enemy resistance, but a subsequent shelling attack killed the battalion commander and five other irregulars. Air observers have recently reported a new enemy build-up north of the ridge, and irregular patrols report increased enemy activity east and southeast of the Long Tieng valley. The current low level of enemy-initiated activity suggests that the Communists may be holding fire while preparing for an all-out, coordinated attack.

The shelling attack at Luang Prabang missed the airstrip and caused only slight damage and few casualties at a nearby Lao Army headquarters area. No large North Vietnamese units have been detected near Luang Prabang during the current dry season, and most of the fighting in the area has consisted of probes and shelling attacks on irregular defensive positions some 15 to 20 miles north and northeast of the royal capital. The Luang Prabang airfield has been a target of Communist shelling attacks in previous years.

In south Laos, Lao Army and irregular units on Route 23 west of Ban Gnik came under fire by 122-mm. rockets on 28 January. No further details are yet available, but it is likely that the Communists hope to push government forces back at least as far as the junction of routes 23 and 231. Lao Neutralist forces who had been stationed on Route 231 abandoned their positions on 27 January and apparently are withdrawing to Pakse.

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CHILE: The cabinet list announced on 28 January leaves Allende's political difficulties essentially unresolved; [Allende hinted that he may further alter his cabinet in March.]

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[redacted] Allende had been seeking to broaden his political base by including representatives of the opposition Christian Democratic Party and perhaps a member of the armed forces. The new list, however, only slightly expands the base of Allende's coalition. Only one small party was added, and only three new ministers were named although six portfolios changed hands in the long-awaited shakeup. Hernan del Canto, a Socialist labor leader, assumes the key interior ministry.

Jose Toha, who was recently impeached as interior minister, was appointed minister of defense. His return to the cabinet is certain to antagonize the opposition Christian Democrats and the National Party who overcame their long-standing antipathy and worked together to oust Toha. Their cooperation resulted in the defeat of government candidates in the recent by-elections. Toha's appointment may also be a source of distress to the military who blame him for the mishandling of the women's march on 1 December.

[Allende also alluded yesterday to the possibility that he would attempt to create a single government party to take the place of the present Popular Unity coalition. He also intends to make subcabinet changes soon.]

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GUATEMALA - BRITISH HONDURAS: Despite heightened tensions and increased Guatemalan military preparations, an attack on British Honduras remains unlikely.

The Arana government, deeply concerned that London will grant the colony its independence in advance of a settlement of the Guatemalan territorial claim, yesterday placed its armed forces on alert. Guatemala apparently fears that British troop arrivals in preparation for training maneuvers in the area are designed to support an independence move. These fears persist despite British reassurances that it has no plans to grant independence before some solution has been found to the Guatemalan claim.

The Guatemalan foreign minister has informed the US ambassador that his government would not allow British Honduras "to become independent without Guatemala's knowledge and consent." If independence were granted, Guatemalan "honor" would probably compel an invasion even though Arana is fully aware that the British have sufficient force in the area to repel an attack and would use it if necessary. Nevertheless, in the absence of any unilateral move toward independence an invasion would be improbable.

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SOUTH-WEST AFRICA: The strike of Ovambo mine workers is slowly winding down, accompanied by sporadic but minor outbreaks of violence.

About 4,500 Ovambos have signed up at the recently reopened employment centers to negotiate contracts under a new agreement. Some have already started trickling south to the mines. The chairman of the strikers' committee, who previously had urged strikers to accept the agreement and return to work, officially disbanded his committee on 26 January, explaining that it served no further purpose in view of the new agreement.

Scattered reports of disorders--hut burnings, fence cuttings and inter-tribal squabbles--have received extensive press coverage and prompted a strong statement from a South African official. He said that the police had been instructed to take firm action against the "limited number of intimidators" who were disturbing the peace. He added that where necessary, units of the South African defense forces will assist the police in maintaining order. A South-West African official confirmed that army units had arrived with orders to protect the South-West African - Angolan border, and that they were sent at the request of the Ovamboland authorities.

The strong South African statement was intended to counteract charges that the agreement was a major setback for the government and to dispel white fears inspired by the reports of troubles in South-West Africa, some of which had anti-white overtones. The current South African parliamentary session officially opened in Cape Town yesterday, and the government may also be bracing itself against expected criticism from the opposition especially since the government will propose additional autonomy for Ovamboland. There is little evidence so far that the violence is anything more than Ovambos releasing their frustrations.

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USSR: The Soviets have publicly admitted for the first time that they are encountering serious problems in developing and producing third-generation computers.

A recent Pravda article detailed such difficulties as a serious shortage of systems analysts and mathematicians in computer design institutes, the duplication of research efforts, and dispersion of responsibility. The shortage of peripheral equipment, such as computer terminals and data transmission systems, and the failure of ministries to provide high-quality punch cards and magnetic tape were also mentioned.

The article stated that a new third-generation computer has been accepted for series production, but no date for production was given. This computer is one of the Soviet RYAD series, which is based on the IBM-360 series of computers. This particular model, the ES-1020, is almost equivalent to the IBM 360-30, a computer of modest capability first produced in the US in 1965. Production of the first RYAD is already at least a year behind schedule and there is no evidence that other models of the series have progressed beyond the prototype stage.

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NOTE

US-USSR: A US company has signed a \$21 million contract to supply equipment to build truck brake-drum and wheel-hub assemblies for the Gorkiy Motor Vehicle Plant. The agreement is the latest large deal between the two countries involving payment in hard currency. The firm also is negotiating to furnish transfer lines valued at about \$60 million for the machining of cylinder blocks at the Kama Truck Plant. US license applications on bids for Kama totaling at least \$1 billion have been approved by the Department of Commerce; this figure includes \$80 million in applications by the firm in question for transfer equipment to produce axles, brake drums and hubs. Potential sales of US equipment for Kama could amount to several hundred million dollars.

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